

Reports and Analysis  
for  
PMBA Conference Session  
**Collaborations that Worked**

June 2, 2016



**Public Media Connect: the merger of CET and ThinkTV**  
Collaboration Summary (rev 5/23/16)  
By Richard Tait and Mark Fuerst

**public media futures**  
A Project of the Wyncote Foundation

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# Public Media Connect

Collaboration Summary – (rev 5/6/16)



## Description of Collaboration

Public Media Connect (PMC) was formed in 2009 through the consolidation of two southwest Ohio public television entities,

- WCET (CET) – community licensee chartered as Greater Cincinnati Educational TV Foundation, Inc.
- WPTD/WPTO (ThinkTV) – community licensee chartered as Dayton Greater Public Television, Inc.

Although the new, combined organization was incorporated into a new 501-c-3 organization, both of the original entities retained their individual 501-c-3 status for tax and their CPB Community Service Grants. The new entity, Public Media Connect, is structured as a regional “holding company” with the two local corporations as subsidiaries.

### Mission:

PMC aims “to strengthen the communities we serve through programs and services that inspire and inform, educate and engage, fostering citizenship and culture, the joy of learning and the power of diverse perspectives.”<sup>1</sup> (Note: the CET and ThinkTV mission statements shown on their websites are identical to the PMC mission statement.)

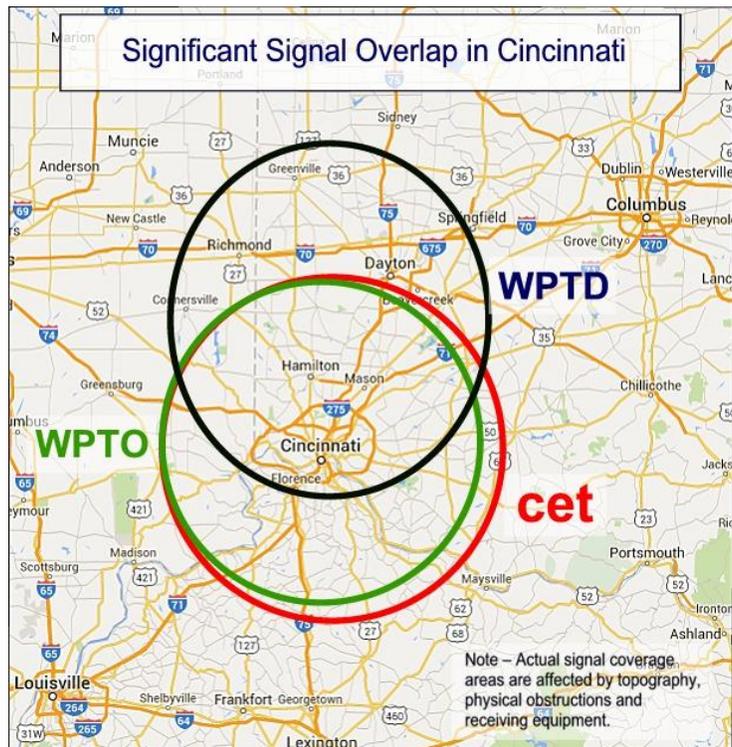
The guiding principle of the organization is “**Regional Vision, Local Service**”. It has strongly influenced every aspect of PMC’s operations, including its governance, organizational structure, location of facilities and staff in both the Cincinnati and Dayton metropolitan communities (both in the center city), service profile, local programming and educational service.

Cincinnati and Dayton are approximately 50 miles apart and are quite distinctive. The combined population of these adjacent markets is equivalent to the 20<sup>th</sup> largest media market in the U.S.

### Background/History:

WCET-TV, operated by the *Greater Cincinnati Television Education Foundation*, was chartered in 1953 and began broadcasting in July 1954. In 2003, it was rebranded to *CET*.

WPTD emerged from the consolidation of two other PTV stations, WMUB, Channel 14 in Oxford Ohio and WOET, Channel 16 in Dayton. Those stations were combined in 1977 to form University Regional Broadcasting later known as Greater Dayton Public Television, Inc. They were re-launched with new call letters: WPTD-Channel 16 and WPTO-Channel 14. In 1998 these two stations and their associated activities were rebranded as ThinkTV.



<sup>1</sup> from IRS Form 990

Talk of collaboration/consolidation between the Dayton and Cincinnati stations started early, with some conversations reported in the late 1970s. The stimulus for discussion was the significant overlap in signal coverage, especially between WPTO and WCET, both in the Cincinnati market, shown in the map to the right.

Discussions surfaced again, without any major impact, in the early 1990's, only to restart in the late 90's discussions. The late-90's effort became more intense, at times involving major consultant expenses and the creation of one joint staff position. But this round of talks again failed to a conclusion, and negotiations closed in the early 2000's.

The "start and stop" pattern of discussions was generally prompted by a change in leadership at one of the stations.

The discussions that eventually led to a re-structuring of the Dayton-Cincinnati public television services began in early 2007. This round was prompted by several factors, including

- Disagreements on the placement of digital transmission facilities in the Cincinnati market,
- Cable carriage issues,
- Reoccurring financial challenges at CET and
- Significant changes in the economy of the Dayton market.

In the 2007 round of talks, informal board level conversations turned into formal discussions between the two stations. Two trustees from each side exchanged visits to the facilities in Cincinnati and Dayton. They were soon joined by the two station CEOs, David Fogarty from ThinkTV and Susan Howarth from CET. This six-person group, often called the "Phase One committee," met four times over a 12 months period. Later in 2007, the talks expanded to involve *five* trustees from each side (plus the CEOs). An experienced system consultant, David Brugger, stepped in to facilitate the negotiations.

The expanded task force met twelve times over the next twenty months in what became known as the "Phase Two discussions." In September 2008, Phase Two group recommended a formal merger.

The merger recommendation was adopted by both (the CET and ThinkTV) boards in the fall of 2008. (The press release announcing the merger is attached as Appendix 2, below)

David Fogarty was selected to head up the merged entity. Development of the merger details, including legal documents, organizational planning, discussions with CPB and PBS took another six months, with official board approvals coming in May 2009.

### **Governance Structure:**

Public Media Connect (PMC), the "holding company" took full control of the combined licensees on July 1, 2009, the start of FY10,.

- PMC is a 501-c-3 nonprofit corporation chartered in the state of Ohio.
- Two subsidiary corporations, one from Dayton and one from Cincinnati, continue to hold the original TV licenses.
- PMC has a consolidated C-suite for organizational leadership – i.e. a single CEO, CFO, CCO, CDO, etc.
- PMC has a complex board structure:
  - PMC, the "holding company," has a "self-replicating board" (currently made up of 28 members) drawn from both metropolitan communities.
  - Each of the license-holding subsidiary entities also have boards, one for the Dayton side, one for the Cincinnati side.
  - All three of these boards (PMC and the two license holding groups) have the same board membership, the same board officers and the same board committees.

- However, the stations have two separate and distinct Community Advisory Councils, one from Dayton and one for Cincinnati.

Each year, the holding company, PMC, prepares *three* audited financial reports: one for each station and one for the PMC holding company. It files *three* IRS Form 990's and publishes separate CPB required "Local Content and Service Reports to the Community" for each of the two licensees. However *PMC* prepares/publishes only one consolidated annual "Report to the Community."

### **Operational Structure and Focus:**

PMC serves two distinct markets, with facilities in both the Dayton and Cincinnati city centers. This preservation of distinct service, tailored to the needs of each community, remains a fundamental commitment by the Board and the stations remain important asset for the consolidated organization.

The combined service now oversees 13 broadcast and cable channels including the primary program channels of WCET, WPTD and WPTO. The cable carriage for these channels varies from system to system but they all are widely available. (See Appendix 1, below)

CET and ThinkTV serve their respective local markets, and each qualifies to receive a CPB Community Service Grant.<sup>2</sup> The combined entity, PMC, is a single PBS member.

The merged stations maintained their individual broadcast station identities (their call letters, positioning, etc), and they operate out of their original (separate) facilities.

PMC has consolidated many aspects of ongoing station operations, including online services, fund raising, community engagement and education outreach activities, where there are some station-specific work with other combined, cross-station activity. This has resulted in some significant economies, discussed below.

PMC maintains a limited corporate website (publicmediaconnect.org) while the two station-specific websites (cetconnect.org and thinktv.org) do the heavy lifting for the stations.

PMC has a strong emphasis on education and the arts, reflected in their Report to the Community, which proclaims that

*"Public Media Connect (PMC) – CET and ThinkTV – is southwest Ohio's largest classroom, largest stage for the arts and a trusted window to the world."*

Services include broadcast-cable programming; direct student and educator engagement and ongoing community partnership initiatives.

### **Key Elements of the Collaboration Story**

#### What were the motivating conditions that led to the decision to change?

The large overlap of broadcast signals and cable coverage laid the foundation for the ultimate collaboration. But that service overlap continued for thirty years before there was sufficient motivation change. The tipping point came through a combination of financial pressures, necessary leadership and clearly articulated service vision.

In our interviews David Fogerty explained that "We needed to develop a different service and business model. Both organizations were going to face significant challenges down the road." That foresighted view took on additional weight as all of public broadcasting entered the financial downturn of 2008. David Brugger, reflecting on the Dayton/Cincinnati situation explained that :

*Projections for the non-merged organizations indicated continuing difficulties in funding operations, further reductions in staff... and continuing pressures for capital equipment investment."*

The signal event that triggered the first serious round of talks was simply the receipt of a direct mail fundraising letter, sent by the Dayton station to a board member of the Cincinnati station. That almost trivial event lit the match. The board member contacted the Dayton board chair to say "we need to talk." And that conversation started the sequence of events--the visits to each facility, the formation of the on-going committees--that produced the merger plans.

<sup>2</sup> Note: this merger occurred prior to CPB's adoption of policies to support consolidations.

What internal process led to collaboration?

Following the initial contacts there was a structured board-led and facilitated process that moved the negotiations through three well-defined phases. As noted above, the discussions/negotiations were handled by a joint “consolidation committee” with trustees from both boards and the GM’s from both stations.

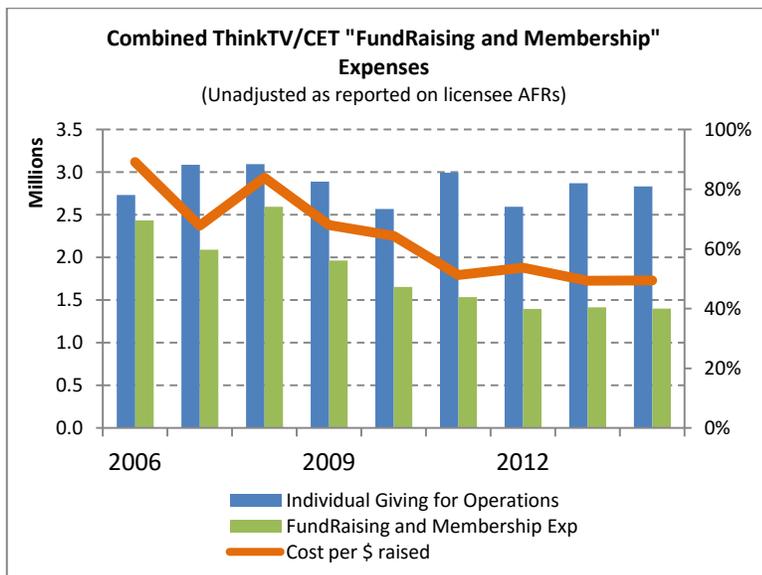
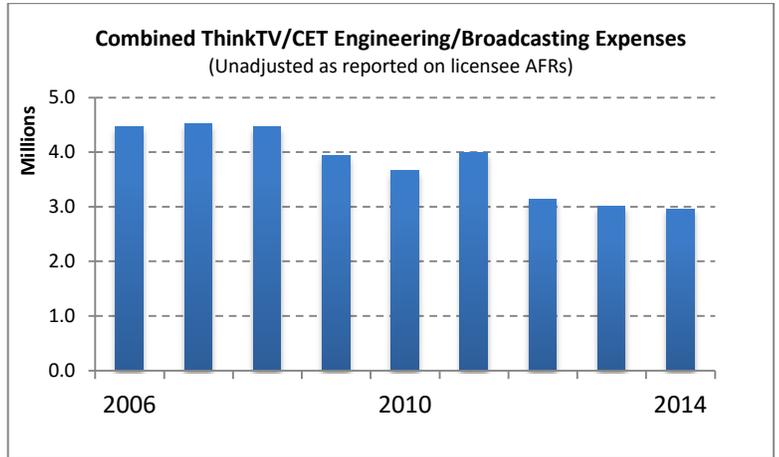
What problems emerged in the negotiations and in the early-stage implementation?

One key issue in any consolidation is the selection of a single CEO for a merged entity. For PMC, the issue was resolved by bringing in a team of independent consultants who interviewed both candidates and offered their recommendations. Fogarty emerged from the process as the choice of the consultants, and the boards concurred.

What has been the impact of the collaboration on the financial picture?

The consolidation of operations provided substantial savings. With the consolidation of the two master-control operations, consultant David Brugger, analyzing the results, found that: *"[A]n 11+% decrease in operating expense in the first merged fiscal year [FY10] compared to the prior year [FY09] – a reduction of approximately \$1.7MM before depreciation..."*

Those efficiencies continued as shown in this chart, above, right.

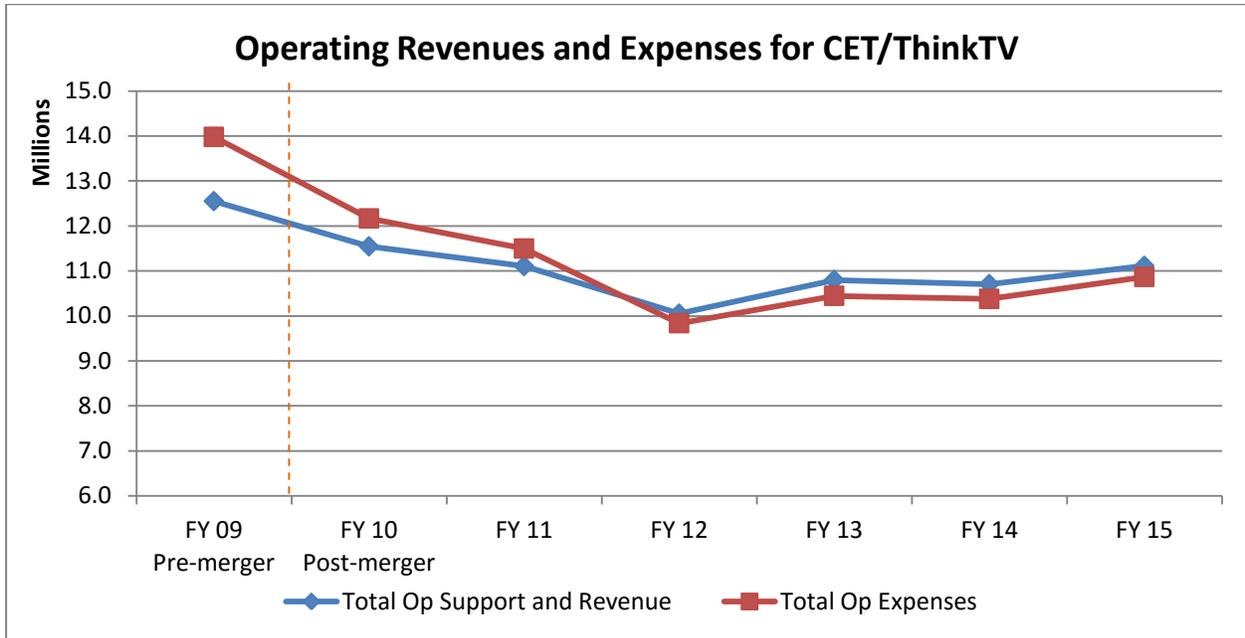


The merger also led to greater development efficiency. The cost per dollar raised for individual gifts (= memberships + major gifts as reported on AFRs) fell from 68 cents/\$ raised in 2006 to 49 cents/\$ in 2014.<sup>3</sup> See the chart above left.<sup>4</sup>

Brugger also found that *"Operational efficiencies were accompanied by reductions in staff,"* although a portion of the staff reduction came before the consolidation was implemented. Again from Brugger, *"Between Nov 2008 (post intent-to-merge announcement) through July 2010, CET and ThinkTV had a [combined] 15% reduction in staff...[to] 74 FT employees."* Staffing continued to decline largely through voluntary departures and retirements, until the staffing reached 67 FTEs in Feb 2012, where it is today.

<sup>3</sup> All data drawn from Annual Financial Reports

<sup>4</sup> The fund raising efficiency in this chart may understate the post-consolidation gains, because many gifts to the PMC endowment are not included in the station AFR reports.



These continuing cost reductions brought the consolidated operating budget into balance by FY12, with the budget running a modest surplus since that time. See chart below and discussion of Financial Overview on the following page.

Has the reorganization substantially affected the stations' sustainability and service capacity?

The merged entity has been able to expand its service offerings significantly across a wide range of activities, so that the combined CET/ThinkTV provides 13 channels of programming to the Cincinnati and Dayton region, as described in Appendix , below.

Broadcast/cable services in general have been improved as shown by PMC stations receiving 40 regional Emmy nominations since merger and winning 15 Emmys in the period 2010-2015. PMC also received a PBS Development Special Achievement Award for its *CET Arts* channel/service and a number of NETA awards for its productions and educational resources.

**Financial Overview:**

Note: Fiscal year runs Jul 1 – Jun 30.

The combination of CET and ThinkTV has not produced dramatic increases in *operating* revenues. Results are shown on the next page. Operating revenue, which excludes capital funds and investment income, continued in a range of \$10 to \$11 million annually (including in-kind support). The most significant improvements came on the expense side. Consolidation significantly reduced operating expenses and eliminated reoccurring deficits: starting in FY12, the combined operations of PMC generated operating *surpluses* totaling \$1.14 million over four years, through FY15. A \$250,000 operating surplus is projected for FY 2016.

Since the merger, PMC has seen significant capital contributions for equipment and growth in financial reserves/endowment through bequests and donor designated funds. On average, these sources and investment returns provided \$1,000,000 to \$2,000,000 in income to PMC. annually.

## Operating Results for Public Media Connect

	FY 09 Pre-merger	FY 10 Post-merger	FY 11	FY 12	FY 13	FY 14	FY 15
<b>SUPPORT AND REVENUES</b>							
Operating Support and Revenue	10,389,818	9,571,882	8,842,535	8,694,515	8,948,593	9,090,829	9,512,095
Donated In-Kind Services	2,160,681	1,972,958	2,263,852	1,355,525	1,849,496	1,615,005	1,599,553
Total Operating Income	12,550,499	11,544,840	11,106,387	10,050,040	10,798,089	10,705,834	11,111,648
<b>OPERATING EXPENSES</b>							
Personnel and Direct Expense	11,817,515	10,192,699	9,231,924	8,598,078	8,595,843	8,762,472	9,265,665
In-Kinds Services	2,160,681	1,972,958	2,263,852	1,239,228	1,849,496	1,615,005	1,599,553
Total Operating Expenses	13,978,196	12,165,657	11,495,776	9,837,306	10,445,339	10,377,477	10,865,218
Operating Excess/Deficit	(1,427,697)	(620,817)	(389,389)	212,734	352,750	328,357	246,430

Data from PMC Financial Reports

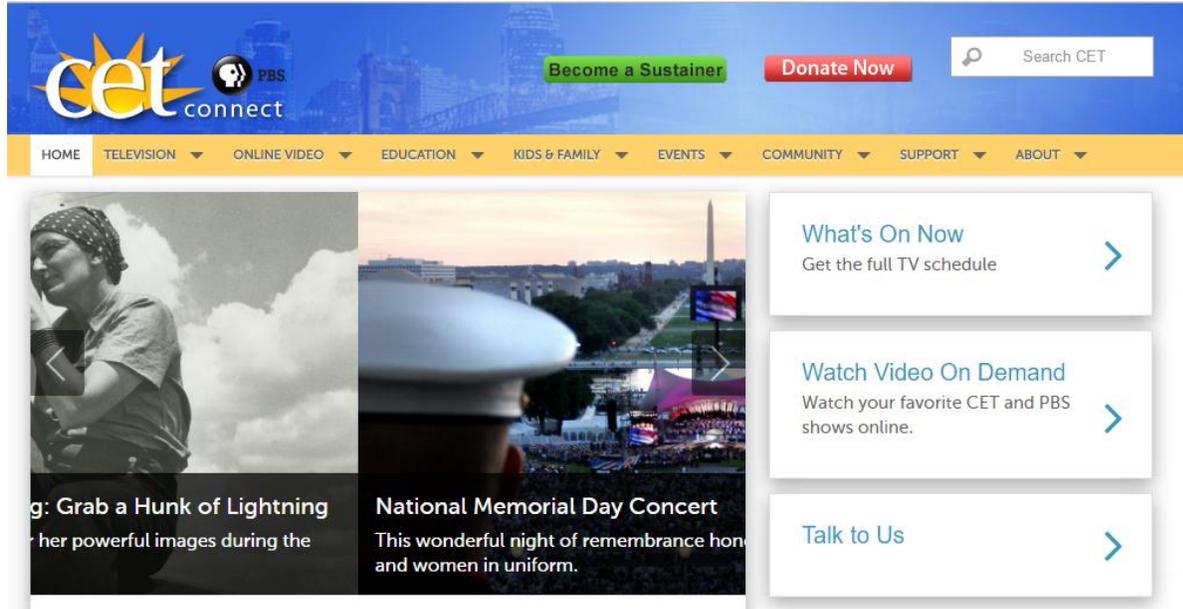
### Key Players interviewed:

- David Fogarty – President and CEO of PCM and formerly GM of ThinkTV
- David Brugger – facilitator of the negotiations

## CET Program Channels

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### WCET, the primary PBS Affiliate for Cincinnati



### CET Arts

brings the world stage to Greater Cincinnati and showcases the arts in our community.

When you watch **CET Arts**, you'll have a front row seat for the best in drama, visual arts, dance and music, ranging from symphonic to bluegrass. You'll enjoy arts programs and performance specials featuring Greater Cincinnati arts organizations along with encore presentations of PBS favorites, such as *Great Performances at the Met*, *Masterpiece*, *Soundstage* and more.

In addition to being available to over-the-air viewers on digital channel 48.3, **CET Arts** is available to Time Warner Cable digital tier customers in Cincinnati and Northern Kentucky.

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### CET Create

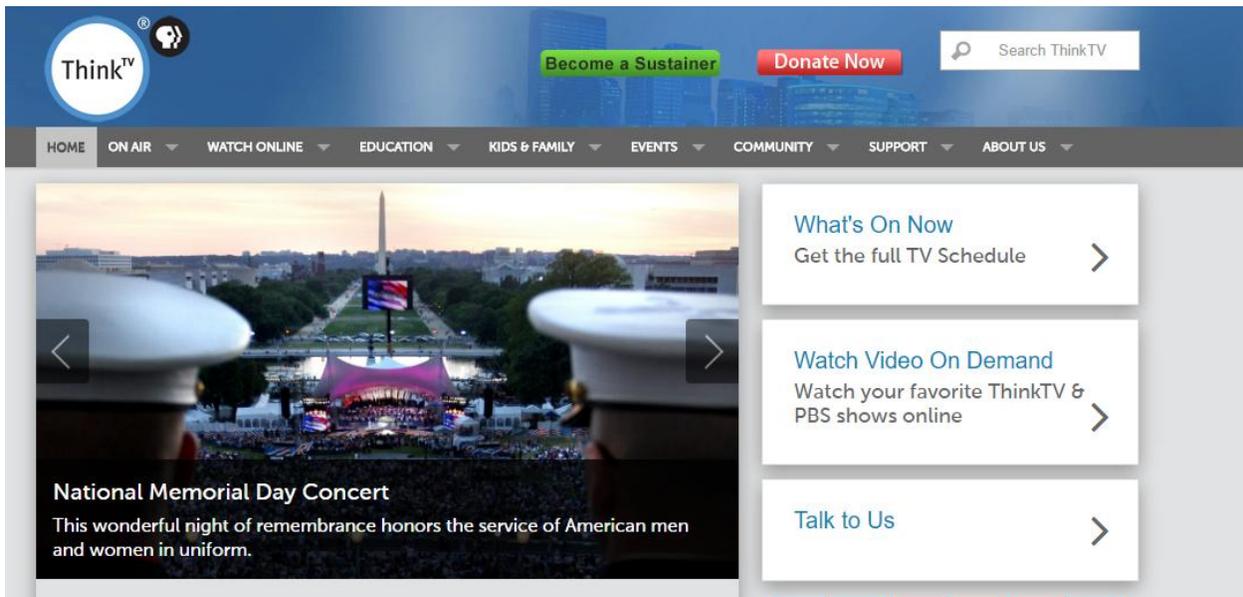
Cincinnati's go-to station for cooking, arts and crafts, gardening, travel, and how-to. Sunday through Friday follows a block schedule format.

On Saturdays, you can enjoy themed marathons.



## ThinkTV Program Channels

ThinkTV 16 is the primary PBS service for Dayton



Think TV also provides 10 24/7 Digital Channels

### Digital channels [\[ edit \]](#)

The digital signals of WPTD and WPTO are both [multiplexed](#):

#### WPTD [\[ edit \]](#)

Channel	Branding	Video	Aspect	PSIP Short Name	Programming <sup>[6]</sup>
16.1	ThinkTV 16 HD	1080i	16:9	16HD	Main WPTD programming / PBS
16.2	ThinkTV 16 Again	480i	4:3	16Again	Repeat broadcasts of WPTD primetime shows
16.3	ThinkTV 16 Life			16Life	Lifestyle and how-to programming
16.4	ThinkTV 16 Ohio			16Ohio	<a href="#">The Ohio Channel</a>
16.5	ThinkTV 16 DT			16DT	<a href="#">SD simulcast of 16.1</a>

#### WPTO [\[ edit \]](#)

Channel	Branding	Video	Aspect	PSIP Short Name	Programming <sup>[7]</sup>
14.1	ThinkTV 14 HD	1080i	16:9	14HD	Main WPTO programming / PBS
14.2	ThinkTV 14 Prime	480i	4:3	14Prime	Repeat broadcasts of WPTO primetime shows
14.3	ThinkTV 14 Learn			14Learn	<a href="#">PBS Kids</a> and college telecourses
14.4	ThinkTV 14 World			14World	<a href="#">World</a> and <a href="#">The Ohio Channel</a>
14.5	ThinkTV 14 DT			14DT	<a href="#">SD simulcast of 14.1</a>

(from Wikipedia: <https://en.wikipedia.org/wiki/WPTD>)

## PRESS RELEASE

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## THINK<sup>TV</sup> AND CET TO MERGE

*Opportunity to Grow Programming, Educational Services;*

*Think<sup>TV</sup> President David Fogarty Appointed President of New Entity*

DAYTON, OH – October 31, 2008 – The Boards of Trustees of Think<sup>TV</sup> (Greater Dayton Public Television) and CET (Greater Cincinnati Public Television) announced today that the organizations will merge to form a new regional public television and media corporation. David Fogarty, the current president of Think<sup>TV</sup>, will be named President of the combined organization.

Under the new, merged non-profit corporation, Think<sup>TV</sup> and CET will retain their identities and continue their locally based services to the Greater Dayton and Greater Cincinnati communities with staff and facilities in current locations. The merger is expected to be officially completed in 1<sup>st</sup> quarter 2009.

“We believe strongly that in today’s non-profit and media environment, a shared regional vision for CET and Think<sup>TV</sup> offers the best opportunity to grow local programming and educational services,” said Bryan Dunn, chair of the CET Board. “Shared leadership is an important step in that regional vision, and we are highly confident in David Fogarty’s abilities to lead the new organization.”

Think<sup>TV</sup> Board chair, John Danis noted, “Think<sup>TV</sup> and CET bring together complementary strengths. Think<sup>TV</sup> 16 and 14 provide the most watched public television service in Ohio. CETconnect.org has developed as an innovative, internet-based community resource expanding opportunities for local content and interactivity. The marriage of Think<sup>TV</sup> and CET will allow us to continue to innovate and exceed the expectations of our audience.”

-more-

Susan Howarth, who has served as CET President and CEO since 2001, is an enthusiastic proponent of the consolidation initiative between CET and Think<sup>TV</sup>. With the merger, she will be moving forward in pursuit of other leadership opportunities in public media. During her tenure at CET, Ms. Howarth is credited with the development of CET's online initiative, CETconnect.org and served on the national PBS Board of Directors. Jack Dominic, CET's Chief Operating Officer, will serve as head of CET's operations, pending the final merger.

Think<sup>TV</sup> and CET are the licensees of public television stations WPTD/16, WPTO/14 and WCET/48, which serve the greater Dayton and Cincinnati communities. The stations provide the most widely used non-profit services in Southwestern Ohio offering a range of public broadcasting, internet-based and educational services to viewers and schools.

### **About David Fogarty**

David Fogarty has been President and General Manager/CEO of Think<sup>TV</sup> since 1993. Prior to being named President of the organization, he was Station Manager and Director of Broadcasting and Telecommunications. Mr. Fogarty has extensive experience in broadcast and public television, having held roles as Manager of Broadcast Projects and Senior Producer at Twin Cities Public Television, St. Paul-Minneapolis, Minnesota; an international communications consultant in South America; duties with the United States Peace Corps in Colombia; and work in corporate communications. He has taught at the University of Minnesota and guest lectured at a number of academic institutions. He began his professional career with ABC News, New York in national documentary production. He is Vice President of Ohio Educational Television Stations, Inc. and is on the Board of Directors of the National Educational Telecommunications Association. He has served on the boards of a number of non-profit, community, cultural, educational and human service organizations.

### **About Think<sup>TV</sup>**

Think<sup>TV</sup> is a non-profit, public media corporation. Each month, its non-commercial broadcast stations, WPTD (Dayton) and WPTO (Oxford/Cincinnati), are watched by more Ohioans than any other public television organization in Ohio. The stations serve the 3.3 million people of southwestern and west central Ohio and reach more than 20 percent of all of the state's school districts. Think<sup>TV</sup> is an Emmy award-winning producer of local and state-wide programming, developer of innovative technology and standards-based curriculum for classrooms, provider of professional development training for early childhood caregivers, and an active community partner offering multi-media content and distribution services to non-profit and business entities. For more information about Think<sup>TV</sup>, visit [www.thinktv.org](http://www.thinktv.org).

### **About CET**

CET is Greater Cincinnati's leading provider of education and enrichment in both living rooms and classrooms, reaching more than 2 million residents, 470,000 students and 37,000 teachers. Through PBS and local programming, CETconnect.org, innovative multimedia curriculum projects, parent workshops and professional development for teachers, CET positively impacts our community with rich and diverse resources. CET was the first licensed educational television station in the nation, the first high-definition public station in Ohio, and, through CETconnect.org, the first public television station to offer a community-based public media on-demand service. For more information about CET, visit [www.cetconnect.org](http://www.cetconnect.org).

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## Merger decision for two Ohio pubTV stations 'no brainer'

Originally published in *Current*, Nov. 10, 2008

By **Steve Behrens**

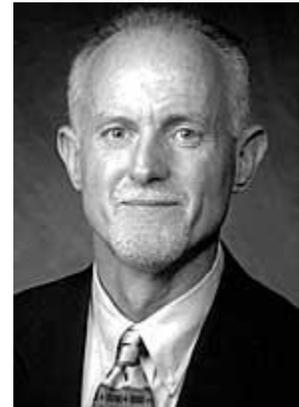
With big overlaps between their signals, the public TV stations in Cincinnati and Dayton have opted to merge.

Cincinnati's CET and Dayton's ThinkTV will keep their separate local identities and local facilities.

The two stations had discussed merging for more than two decades, according to execs of both.

"To me it was a no-brainer," says John Danis, a Dayton construction executive who chairs ThinkTV's board. "No one came up with a reason not to do it."

David Fogarty, president of the Dayton station for 15 years, will head the combined operation. CET President Susan Howarth, who also favored the merger, has moved on.



Fogarty

"We were fortunate that we had two very, very qualified people," Danis told *Current*. "Susan wanted to do some other things."

Jack Dominic, chief operating officer at CET, will manage the station until the merger is complete.

It's the decade's third major merger between nearby pubTV stations. New York stations WNET and WLIW married in 2001; San Francisco Bay area stations KQED and KTEH combined in 2006.

Fogarty says the stations will move quickly to coordinate the use of their channel capacity for the best service to the region. "We have no lack of services we can put on those channels," he says.

The two licensees have been going head-to-head with the stronger national programs on CET's channel and ThinkTV's two channels. Both of the Dayton licensee's channels — WPTD in Dayton and WPTO in Oxford, Ohio — reach into the Cincinnati area. WPTO's new digital signal originates within sight of the Cincinnati station, Howarth says.

Preliminary analysis indicates the stations could free up 50 percent of its broadcast capacity by eliminating duplicative programming, Fogarty says.

Regional mergers also make good use of the two licensees' special capabilities, he says, such as the Cincinnati station's extensive online video-on-demand service, CET Connect, developed during Howarth's term.

He expects to make the combined staff of 95 more productive by reducing redundant work and assigning employees to new services, instead of having layoffs.

## Appendix 3

This was probably the fourth time the stations had seriously talked merger, Howarth says. For the past year, a committee with five board members from each station had met regularly, according to Fogarty. The boards agreed on the merger in late October and expect to complete the union early next year.

Howarth has “watched with curiosity and admiration” an earlier media merger close at hand: Pubradio station WGUC, located in CET’s building, acquired and now operates a second FM channel, WVXU.

“In many, many communities, there needs to be serious attention paid to the opportunities for mergers and collaborations,” Howarth says.

She wouldn’t advise two stations to merge if that would mean a reduction of local services or local fundraising. But she expects the two stations to continue promoting their own local brands and not their joint name.

“I gave our boards a lot of credit in this,” she adds. “They really did something to help public broadcasting.

Decisions about the membership of the combined board of directors have not been made or even thought about, says Danis. “It’s a big old nonissue,” he says.

One factor favoring the merger is that the two western Ohio cities, 50 miles apart, are growing into a single metro area along north-south Interstate 75, according to Danis. Years ago, when he’d drive down to a Cincinnati Reds game, “we’d drive by a lot of cows,” he recalls. “You don’t drive past any cows now.”

Web page posted Dec. 3, 2008  
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## Identity: How Dayton-Cincinnati made their merger work

Published in conjunction with the Public Media Futures forums

By Jeff Kaye | February 13, 2012

CET in Cincinnati and ThinkTV in Dayton made the leap nearly three years ago, and by most accounts their union looks strong. The two stations, just 50 miles apart in separate southwestern Ohio media markets, are now incorporated as Public Media Connect and serve a region of 1.4 million households and more than 3.5 million people.



Last year's ThinkTV special, *Standing Oaks*, profiles an Ohio farmer, Charles Wildman, and his seven-generation family farm.

Together they showed an operating deficit last year, as did many stations, but the budget gap has been shrinking and is projected to go positive this year. Their combined staff is down, but then so is staffing elsewhere since the recession hit.

Matchmaking requires openness, compatibility, shared goals and maintaining a strong sense of identity. That's the advice for public broadcasters looking to merge, as well as for doe-eyed sweethearts.

The combined organization appears to be weathering the economic crisis, maintaining the local identities of its pre-merger partners and getting ready to move beyond its initial consolidation phase.

"I'd say it's been very successful," said David Brugger, the veteran industry consultant and retired president of the Association of Public Television Stations who had

been hired by the stations to facilitate their negotiations.

"We went into this with the idea that it would take at least a couple of years to get the pieces in place," said David Fogarty, president of Public Media Connect. And while there's "still a lot of work to do," he said, the broadcaster is ready to seek out new opportunities and new ways to engage the community.

The merger of CET and ThinkTV differs from previous public TV mergers in fundamental ways. Although their signals overlapped significantly, they grew out of different media markets. The stations had budgets and staffs of roughly the same sizes. Previous big public TV mergers saw major players swallow up

smaller stations in the same markets. San Francisco giant KQED merged with KTEH in San Jose, while New York's WNET joined with Long Island's WLIW.

And yet, as economic challenges and technological opportunities prompt more consolidation within public broadcasting, lessons learned in Cincinnati and Dayton could be instructive for stations thinking of linking.

Brugger said he currently is consulting with stations about two possible mergers, not ready to be announced, and predicts more, particularly in more than two dozen markets where there are overlapping pubTV signals.

Among the points Brugger stresses at the start of talks is that "not every consolidation of stations will save money."

When he talks with station boards, he asks them to consider an important question: "How will you thrive in an economy in which revenue sources are decreasing?" Among the "eight to 11" stations that he sees doing well in the downturn, Brugger found that a significant common thread was their "commitment to community." That means being on top of local issues for programming decisions and making civic involvement "part of (their) daily activities — attending every kind of function in the community."

Brugger said that when he brings up the subject of preserving local identity, "that always takes up a lot of discussion time."

Maintaining partners' original identities is a theme that Fogarty also repeatedly emphasizes. He pointed to local programming such as Cincinnati's *CET Arts*, which spotlights performers and performances in southwest Ohio, along with expanded educational services and local participation in initiatives such as *American Graduate: Let's Make It Happen*, which is looking at ways to solve school dropout issues in Cincinnati.

The seven-issues-a-year members' magazine *PMC Connect* underlines community identity, with a four-page Dayton or Cincinnati insert in each 20-page issue.

"When we talk internally," said Fogarty, "it's about a single organization." Our perspective, he said, is that "we have two local brands" but a single "gateway" to them.



When leading boards through talks about consolidation, Brugger also raises touchy issues that could potentially scupper the deals. The cost of merging is substantial, he said, including expenses for staff buyouts and integrating systems such as master control and accounting. In the Ohio merger, combining operations and establishing the interconnection between the Cincinnati and Dayton facilities has cost more than \$1.5 million, the organization reported.

The boards must confront sensitive matters such as choosing a c.e.o. and a headquarters site.

The two Ohio operations were similar in size, in markets of comparable size. Cincinnati is the 34th-largest TV market out of 210 markets counted by Nielsen, while Dayton ranks 64th. Both also had very proud — and separate — histories. CET was the first licensed educational television station in the country, launching in 1954, and its online service CETconnect.org was an early innovator in digital services for public media. The Dayton station dates back through earlier mergers to a predecessor that began in 1959.

The stations had overlapping signals, however. And a financial squeeze. So, after several false starts, the stations began merger talks that lasted a year and nine months before culminating in a deal.

Fogarty, formerly the head of Dayton's ThinkTV, took over once the merger was forged, while Susan Howarth, CET's president, departed and became head of WEDU in Tampa. When the merger was announced in late 2008, each station had about 50 employees, although Fogarty said those numbers included both part-time and full-time staff, along with positions that were unfilled at the time. Soon after the July 2009 launch of PMC, the number of employees was down to 74 as a result of a reduction in part-time workers, retirements, job cuts resulting from consolidation and a decision to leave some vacant positions unfilled, Fogarty said.

Today, the combined operation has a full-time staff of 67. Of those, 20 positions have regional responsibilities, including senior managers, managers and operational staffers. And the positions are split almost equally, with 32 based in Cincinnati and 34 in Dayton, said Fogarty, who did not include himself in the count. He downplays a local newspaper account a year after the merger that suggested that "some" inside the Cincinnati station felt there had been a "takeover" by the Dayton operation, with the departure of CET President Howarth and other personnel and technical changes.

"There wasn't a takeover here," said Fogarty, who attributes the grumbling to a misunderstanding about some of the changes that occurred.

Adjusting the programming and scheduling to create maximum efficiency while continuing to maintain local programming for the Cincinnati and Dayton communities proved challenging as "PMC was faced with significant changes in the channel lineups of the regional cable company serving both the Cincinnati and Dayton markets," said Fogarty. He said the stations then negotiated as a combined entity, resulting in PMC having 13 cable-channel positions in each market.

Viewership of CET in Cincinnati has seen a "significant increase," he said, while ThinkTV 16 in Dayton has been stable and ThinkTV 14, between the two cities, has seen a reduction.

Support from PBS and CPB for the merger has been helpful as well, said Fogarty. "PBS has allowed us flexibility in programming use across all of our stations to assure diversified service. With this flexibility, overall programming expense has been reduced — particularly from non-PBS distributors."

Meanwhile, the combined operation is projecting that member and major-donor support for this year will be about 97 percent of the amount received in 2009, before the merger. More would be better, of course, Fogarty said, but he regards the results as "a very good performance within our understanding of the national trends." He noted that Ohio has been particularly hard-hit by the economic crisis.

Although PMC was born with a substantial deficit to address, its finances appear to be moving in a positive direction. Brugger said Fogarty "started with a deficit he is curing."

In fiscal year 2009, before the merger, CET and ThinkTV reported a combined operating income of \$12.5 million and combined operating expenses of \$13.9 million. Two years later, and two years into the merger, the combined stations reported fiscal year 2011 "operating support and revenue" of \$11.4 million compared to "operating expenses" of \$11.5 million, yielding a \$100,000 deficit (not including investments and other types of accounting activity).

For this fiscal year, however, Fogarty said his team is projecting a positive net income: total operating income of \$10.7 million, despite "significant" cuts in state aid, and expenses just over \$10.4 million.

Like Brugger, Fogarty expects to see more publicists merging in the future. For station leaders who are headed that way, he advises:

- Ensuring there is a consensus among boards, management and staff on the value and purpose of the merger/consolidation.
- Setting clear performance targets.
- Recognizing organizational differences, because integrating or reorganizing staffs and operations will take time, and creating a common or shared culture takes much longer.

#### Appendix 4

- Being aware that mergers and consolidations will require upfront financial investment that, hopefully, will offer savings and efficiencies over time.
- Understanding that a merger's real value has to be future service and opportunity.
- Whatever the efficiencies and cost savings, a consolidation helps to give the organization time to plan the future.

Brugger also stresses the importance of making sure station boards and managers understand everything they are getting into.

"You have to walk them through all that," he said. "It's like a dating process."